GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Industrial Parks Policy 2015-20 - Introduction and Implementation of Industrial Parks Policy 2015-20 in the State for development of Industrial Parks – Orders - Issued.

INDUSTRIES AND COMMERCE (INFRA) DEPARTMENT

G.O.Ms.No.55 Dated:23-07-2015

Read:-

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ORDER:

The State, with its strategic location, is poised to be the Gateway to East and Southeast Asia Andhra Pradesh with its long sea coast, copious water resources from the Godavari and the Krishna and abundant natural resources, presents a conducive environment for business and industrial growth. The State has strong manufacturing sectors like Cement, Paper, Food Processing and Aquaculture, Steel, Fertilizers, Chemicals & Petrochemicals, Textiles, Automobile and Ship Building. The new sectors emerging include electronic hardware, and aerospace. The Government is promoting sector specific industrial parks such as Food Processing Parks, Textile Parks, Electronic Complexes etc. to provide fillip to thrust sectors. The other major infrastructure projects include Vizag-Chennai Industrial Corridor and Chennai Bengaluru Industrial Corridor.

2. Government of Andhra Pradesh with a view to make Andhra Pradesh a progressive and highly industrialized State, has accorded top priority to industrial growth as a means to mitigate poverty and unemployment. Government has decided to introduce Industrial Parks Policy to promote and encourage development of world class Industrial Parks in the State. Accordingly, the Government of Andhra Pradesh hereby introduce the Industrial Parks Policy 2015-2020. The detailed policy document is appended at Annexure-I.

3. Under the “Industrial Parks Policy 2015-2020”, among other things, the Government approves the following:

3.1. The proposed Industrial Parks Policy 2015-20 aims to:

Promote and encourage development of world class Industrial Parks by facilitating Public Private Partnerships between GoAP and Private Developers.

a) Define and operationalize processes for selection of suitable Private Developer for Industrial Parks.
b) Incentivize development of common infrastructural facilities or built-up space with common facilities in the area allocated or earmarked for the purpose of industrial use, through sector-specific policies.

(P.T.O)

3.2. Special Purpose Vehicle :

A Special Purpose Vehicle (SPV) shall be created to hold select tracts of land suitable to be developed as Industrial Parks. This SPV shall be empowered to improve enabling external infrastructure of these tracts. It would be this SPV which would represent GoAP in the PPP for developing Industrial Parks.

3.3 Eligible Fixed Capital Investment.

Eligible fixed capital investment includes Land, New Building, and Infrastructure facilities. Also, there will be flexibility for particular cases.

3.4 Ineligible Expenses.

Expenditure incurred towards goodwill, commission, royalty, pre-operative expenses, capitalized interest, transportation equipment/vehicles, technical fees/consultant fees, working capital and other expenses as may be decided by Infrastructure Authority from time to time or on a case to case basis.

3.5. Policy Validity

The policy will remain valid for a period of five years from the date of issue.

3.6 Eligibility

(a) Investment in the proposed Industrial Park should be a minimum of 200 crore or its equivalent in foreign currency, for this Policy to be applicable.
(b) Size of the proposed Industrial Park should be a minimum of 100 acres, having minimum 10 industrial/service units, with no single unit occupying more than 40% of the total allocable area for industrial use.
(c) Residential/ commercial zone (if any) set up within the Industrial Park should not occupy more than 33% of total developed land and should cater to the Industrial Park units and local area needs.
(d) A minimum of 33% of total land area should be dedicated to green cover and water conservation.
(e) Any other criteria as may be decided and/or notified by Infrastructure Authority or GoAP from time to time.

3.7. Proposed Swiss Challenge approach for selection of Private Developer

In order to select suitable Private Developer for Industrial Park, GoAP would adopt Swiss Challenge Approach, in accordance with Clause 19-II sub clause (i) to (ix) (both inclusive) of the Andhra Pradesh Infrastructure Development Enabling (APIDE) Act, 2001. The summary process is as mentioned below:

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(a) ***Suomotu* proposal received from Private Developer**

(i) In accordance with the APIDE Act, 2001, APIIC would be the designated government agency, which would receive *suomotu* proposal from Private Developer to develop Industrial Park in a particular land asset.

(ii) The proposal received would be reviewed and evaluated by APIIC, as per the provisions of the relevant clauses of the APIDE Act, 2001, as mentioned above.

(iii) The proposal would be placed before the Infrastructure Authority for evaluation and processing, as per the provisions of the relevant clauses of the APIDE Act, 2001, as mentioned above.

(b) **Finalization of parameters for Swiss Challenge**

(i) Council of Ministers will finalize parameters on the basis of which Swiss Challenge process will be conducted.

(ii) Parameters may vary based on proposal details (for example, percentage of GoAP equity, type of investment, sectors to be included in Industrial Park etc.)

(c) **Open Swiss Challenge –** APIIC will appoint transaction advisor to run Swiss Challenge, as per the provisions of the relevant clauses of the APIDE Act, 2001, as mentioned above.

3. 8. Engagement framework for establishment of Industrial Parks

Industrial Parks (for the purpose of this policy) would be established in Joint Venture mode between GoAP (represented by APIIC) and Private Developer, identified through the Swiss Challenge process, as defined in Clause 7 of the policy. The engagement framework would have following five milestones:

(a) **Formation of Joint Venture Company (JV Co.)** – Joint Venture Company would be formed between the SPV (as defined in para 3.2 above) and successful Private Developer. Minimum shareholding of SPV would be decided on a case-to-case basis.

(b) **Constitution of Board** – Board will be constituted, as per the relevant regulations of GoI, with representatives from SPV and Private Developer.

(c) **Lease Agreement** – Joint Venture Company will enter into 99-year lease agreement with APIIC, which would be the primary land owner.

(d) **Agreement with GoAP** – Joint Venture Company and GoAP will enter into an agreement, detailing roles, responsibilities and obligations of both parties, as finalized through the Swiss Challenge process.

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(e) **Land on lease for development** – Joint Venture Company will pay the lease amount upfront(as finalized through the Swiss Challenge process) for 99 years to APIIC.

3.9. For sector-specific Industrial Parks, incentives from applicable sector specific policies (of GoAP and GoI) may be made available.

3.10. GoAP shall facilitate setting up of Industrial Parks on private land by providing common infrastructure at the same terms as provided to Industrial Parks set up in APIIC areas.

The existing industrial estates of APIIC are also covered under this policy for promoting and marketing by private parties by structuring appropriate joint venture companies.

4. The operating guidelines for implementation of Industrial Parks Policy 2015-20 will be issued separately.

5. The VC&MD, Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC), Hyderabad, shall take further necessary action in the matter, accordingly.

6. These orders issues with the concurrence of Finance (EBS-VIII) Department vide their U.O.No.10237/133/EBS.VIII/A2/2015, dt.20-07-2015.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.S.RAWAT
SECRETATY TO GOVERNMENT & CIP

To
The Vice Chairman & Managing Director, APIIC, Hyderabad
The Director of Industries, A.P. Hyderabad.
All Departments in the A.P. Secretariat
All Heads of Departments.
All District Collectors
Copy to:-
The Law (E) Department.
P.S. to Prl. Secretary to Chief Minister.
P.S. to Chief Secretary to Government.
P.S. to Minister (Major Industries)
P.S. to Secretary & CIP, Ind. & Com. Dept.
All Sections in Industries and Commerce Department.
SF/SC.

//FORWARDED : : BY ORDER//

SECTION OFFICER

INDUSTRIES AND COMMERCE DEPARTMENT

(Annexure to G.O.Ms.No.55, Industries and Commerce (Infra) Department, dt.23.07.2015

Industrial Parks Policy 2015-20

Government of Andhra Pradesh

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List of Abbreviations

APIDE Act, 2001	Andhra Pradesh Infrastructure Development Enabling Act, 2001
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
GDP	Gross Domestic Product
GoAP	Government of Andhra Pradesh
GSDP	Gross State Domestic Product
`	Indian Rupee
JV Co.	Joint Venture Company
GoI	Government of India
PPP	Public Private Partnership

1. Policy Objectives

Government of Andhra Pradesh (GoAP) aims to substantially increase the share of industrial sector in Gross State Domestic Product (GSDP) for accelerated economic development and to make the State a leading destination for both domestic and global investment. With this vision in mind, GoAP has notified the Industrial Development Policy 2015-20, which targets to:

- Increase contribution of industries to GSDP from 20.7% (2013-14) to 25% by 2020
- Increase contribution of manufacturing to GSDP from 9.95% (2013-14) to 15% by 2020
- Attract investments to the tune of Rs.2 lakh crore by 2020
- Create employment opportunities for an additional 10 lakh people by 2020

As part of its Industrial Development Policy 2015-20, GoAP seeks to set up world-class Industrial Parks in the State. This policy aims to facilitate the same.

The Industrial Parks Policy 2015-20 aims to:

(a) Promote and encourage development of world class Industrial Parks by facilitating Public Private Partnerships between GoAP and Private Developers
(b) Define and operationalize processes for selection of suitable Private Developer for Industrial Parks
(c) Incentivise development of common infrastructural facilities or built-up space with common facilities in the area allocated or earmarked for the purpose of industrial use, through sector-specific policies

2. Definitions

2.1. Private Developer

Any Industrial association/ industrial house or institution registered under the Societies Registration Act, 1860, Indian Partnership Act, 1932, The Limited Liability Partnership Act, 2008 or the Companies Act, 2013 (or other similar/replacement acts/laws prevalent from time to time within the policy validity period) that proposes to develop (and subsequently executes) Industrial Parks as defined under this policy.

2.2. Industrial Park

An estate which is developed primarily for establishment of manufacturing/ service units, with basic infrastructural facilities like developed plots, internal roads, water distribution facilities, sewage, power distribution, common effluent treatment plants, communication facilities and other such facilities/services as may be required.

2.3. Designated State Corporation

Andhra Pradesh Industrial Infrastructure Corporation (APIIC)would be the Designated State Corporation which would identify land assets for setting up Industrial Parks in the State.

2.4 Infrastructure Authority

Infrastructure Authority is defined as per Chapter-II (Clauses 3 to 12, both inclusive) of The Andhra Pradesh Infrastructure Development Enabling Act, 2001 (Act No. 36 of 2001).

2.5 Special Purpose Vehicle

A Special Purpose Vehicle (SPV) shall be created to hold select tracts of land suitable to be developed as Industrial Parks. This SPV shall be empowered to improve enabling external infrastructure of these tracts. It would be this SPV which would represent GoAP in the PPP for developing Industrial Parks.

3. Eligible Fixed Capital Investment

3.1. Land

Payment made towards cost of land, including registration charges and stamp duty.

3.2. New Building

Building constructed in Industrial Park for providing specific infrastructure/ service facilities for units housed in the same Park. Actual expenditure incurred and paid for construction as per the relevant norms adopted by the Infrastructure Authority shall only be considered.

3.3. Infrastructure Facilities

Development of infrastructure like boundary wall, approach and internal access roads, communication facilities, power lines, water distribution line and water recycling facilities, sewage and drainage lines, effluent treatment and disposal facilities and other facilities as may be required.

3.4. Flexibility for particular cases

Infrastructure Authority may also determine the eligibility and reasonableness of certain expenses mentioned in this section and/or other project expenses not listed, for the purpose of inclusion as Fixed Capital Investment, as defined in clauses 3.1 to 3.3 above.

4. Ineligible Expenses

Expenditure incurred toward goodwill, commission, royalty, pre-operative expenses, capitalized interest, transportation equipment/vehicles, technical fees/consultant fees, working capital and other expenses as may be decided by Infrastructure Authority from time to time or on a case to case basis.

5. Policy Validity

The policy will remain valid for a period of five years from the date of notification, unless otherwise notified separately by GoAP.

6. Eligibility

(a) Investment in the proposed Industrial Park should be a minimum of ₹ 200 crore or its equivalent in foreign currency, for this Policy to be applicable.

(b) Size of the proposed Industrial Park should be a minimum of 100 acres, having minimum 10 industrial/service units, with no single unit occupying more than 40% of the total allocable area for industrial use.

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9. For sector-specific Industrial Parks, incentives from applicable sector specific policies (of GoAP and GoI) may be made available.

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The existing industrial estates of APIIC are also covered under this policy for promoting and marketing by private parties by structuring an appropriate joint venture companies.

Note: Provisions in this policy would be extended as per guidelines to be notified separately.

S.S.RAWAT
SECRETATY TO GOVERNMENT & CIP